

Capital Improvement Plan

The Clark County six-year capital improvement plan (CIP) is a multi-year financial plan for the acquisition, expansion, and rehabilitation of infrastructure, capital assets, while maintaining and enhancing the productive capacity of County services. The CIP is the culmination of several county-wide capital improvement and capital development plans including:

- The Comprehensive Plan for Growth Management
- The Transportation Improvement Plan
- Parks Master Plan
- Fairgrounds Master Plan
- Board of County Commissioners and Elected Officials' agendas
- Recommendations from the citizenry
- Departmental capital plans

The purpose of the CIP is to collectively forecast and plan for the funding of the County's long-term capital improvement needs to maximize the delivery of service to our citizens. It is broad and far reaching versus narrow and detailed. It establishes a framework for overall County capital planning, identification of funding sources, and an analysis of the impact of long-term capital improvements on future operating revenue and expenses.

Capital Expenditures versus Operating Expenses

Operating expenses are the use of funds to support the ongoing, day-to-day business and operations of the County. Operating expense items are generally spent within one budget cycle. Examples of operating expense items include payroll, office supplies, vehicle fuel, utilities, paint, etc.

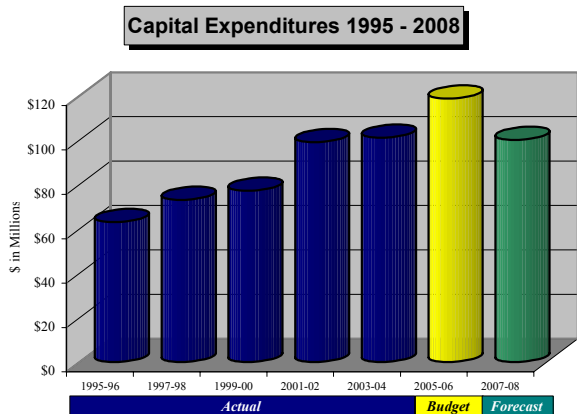
Capital expenditures, however, occur periodically and are spent over multiple years. The County defines a capital expenditure as the outlay of funds greater than \$5,000 on items that have a useful life of more than one budget cycle. Examples of capital expenditures include service vehicles, heavy equipment, and acquisition or construction of, and/or improvements to public facilities and buildings.

Capital expenditures can occur by way of an expenditure of cash reserves, current operating revenue, or proceeds from debt financing. Please refer to the Debt Summary section under the Financial tab for more information about the County's debt management plan.

Long-Term Capital Investment

Capital expenditures are relatively large and sporadic costs compared to operating expenses. This makes it difficult to derive a meaningful interpretation of changes in capital spending over the years. Nonetheless, for general information purposes, the average biennial growth rate in capital expenditures between 1995-96 and 2003-04 was 13.0 percent. Major factors in the increases in capital expenditures over this time period are as follows:

- Completion of the Public Service Center building complex in 2001-02 caused a \$22 million spike in expenditures and increased the average increase from 7.1% to 16.5% for the period.
- Construction of water and sewer treatment plants.
- Acquisition and development of parks and open spaces.
- Expansion of the Jail and Juvenile facilities.
- Construction of Jail Work Center.



Capital investments planned for the 2005 to 2010 time frame are in the following areas:

- Completion of the Fairground Exhibition Hall for \$18 million.
- Construction of the Center for Community Health, due for completion in 2006 at a cost of \$38.5 million.
- Transportation Improvement Plan – The TIP is the largest long-term capital plan in the County. The six year TIP (2005-2010) includes thirty-three new projects and several minor projects for a total estimated cost of \$157,780,000.
- Continued investment in technology infrastructure.
- Continued implementation of the Fairgrounds Master Plan.

Project detail for the six-year TIP is included at the end of this section.

Capital Projects

All capital projects are undertaken only after rigorous analysis of need, review of alternative options and funding identification. Three such capital projects the county decided were necessary and building was the best option once funding could be dedicated are: the **Public Service Center (PSC)** in downtown Vancouver, the **Exhibition Hall** located on the county fairgrounds and the **Center for Community Health** located on Vancouver's Veterans' Administration grounds.

The **PSC** had been envisioned for over ten years. As courtroom space became more crowded due to the county's growing population, a seventh superior court judge was added in 1997. An eighth judge was added shortly thereafter, and a ninth judge will be added in 2005. Without judges' chambers or ample court rooms, cases were being held outside of the courthouse, beyond normal business hours, at added expense, delay and confusion. The same story of growth without available space is true for District Court, who is adding their sixth judge in 2005.

To make room for this growth, the Board of County Commissioners decided to move the Assessor, Auditor, Prosecutor and Treasurer out of the courthouse, leaving the aging structure for solely court purposes. The ability to find and fund similar facilities for rent centrally in downtown Vancouver proved difficult. Eight other departments were already leasing 11 different buildings over a 3-mile radius.

A comparison of lease versus build was undertaken, which showed that paying for a county-owned building would cost \$79.2 million over 25 years versus \$125.1 million for a similar term in leased buildings. Once this \$46 million in savings became apparent, the effort to construct the PSC began in earnest. Funding is derived predominantly from REET revenue and tenant rents.

The **Exhibition Hall** at the Clark County Fairgrounds has a similarly lengthy history dating to before 1998. At that time, a Fairgrounds Master Plan was created, showcasing the annual Clark County Fair, yet allowing the fairgrounds to be utilized throughout the year with both events occurring in large enclosed pavilions as well as on expansive sports fields. Only after the completion of the Amphitheater (an outdoor concert venue) at the fairgrounds, was a reliable revenue source identified to support such capital improvements. The Amphitheater operator built and paid for the facility,

transferred ownership to the County, and pays an annual lease fee for its usage. When this lease payment is combined with Exhibit Hall revenues, a \$2/night hotel-motel tax, and a \$0.0033 sales tax rebate from the state, the county could then justify the construction of the \$18.5 million, 112,000 square foot Exhibition Hall. It promises to draw tourism and potential industry to the county.

The \$38 million **Center for Community Health** will provide, under one roof, convenient access to enhanced social and health services for regional veterans and other community members. Greater than the sum of its parts, the center will house Clark County Council on Alcohol and Drugs, Mental Health Northwest and Northwest Recovery Center, a 16-bed combined co-occurring mental health and substance abuse evaluation and treatment center, the US Department of Veterans Affairs, Clark County Health Department and Clark County Department of Community Services. The collaboration of partners will enhance services to the community, while providing residential substance abuse treatment facilities and adequate crisis treatment services, neither of which are currently found in the county.

In addition to the 16-bed combined co-occurring mental health and substance abuse evaluation and treatment center, the facility will house 16 residential drug and alcohol treatment beds for the Deaf and Hard of Hearing, capacity for 16 detoxification beds, split between acute and sub-acute services, and 60 residential drug and alcohol treatment beds for adults.

Once completed, the Clark County Center for Community Health will serve as a national model for collaboration, savings, and efficiency. Its unique combination of multiple health and social services will provide continuity of care for patients, preventing many from falling through the cracks and out of the system.

Capital Funding Sources

Funding for any one capital project may comprise several different sources of funds. Transportation projects, for example, are typically funded through a combination of local property taxes, traffic impact fees from development, and federal and state grants. Utilizing various sources provides managers the ability to leverage any single source of funding with the objective of maximizing total funding.

Operating Budget Impact

The exact cost of future operations and maintenance for projected CIP projects is difficult to determine; however, based on experience we can reasonably estimate increases in cost of materials, labor and other components. In 2005/2006, for example, the ongoing operating expenses associated with past capital expenditures are estimated below.

- ☐ \$33 to maintain one acre of undeveloped open space per year.
- ☐ \$331 to maintain one acre of developed urban and regional parks per year.
- ☐ \$5,114 to maintain one mile of roadway/shoulder per year.
- ☐ \$303 to maintain one mile of roadside vegetation per year.
- ☐ \$22,122 to house one inmate per year.
- ☐ \$984 to treat one million gallons of sewage water.

Impact of Capital Expenditures on the Operating Budget

Although capital expenditures are not directly related to day-to-day operations, over time they can have a significant impact on operating revenue and expenses. For planning purposes, on a project-by-project basis, it is important to understand the relationship between current capital expenditures and long-term operating revenue and expenses.

A project to build a new road, for example, will require not only an initial one-time capital outlay for construction but will require ongoing operating and maintenance costs to maintain the road's serviceability. Savings associated with lower maintenance and operational costs may offset the initial cost to replace an older piece of equipment. Construction of new office space, while requiring a significant amount of up-front capital outlay, may reduce the annual office space lease payments paid for office space not owned by the County.

A major benefit of long-term capital planning and decision making understands the operational impacts of one-time capital outlays.